

## Message Text

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PAGE 01 MANILA 01054 01 OF 05 200804Z  
ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 CIAE-00 PM-05 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 AID-05 COME-00 EB-08 FRB-03 XMB-02  
OPIC-03 LAB-04 SIL-01 OMB-01 CEA-01 STR-06 NEA-10  
IO-13 OES-07 /121 W  
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P 200714Z JAN 78  
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TO SECSTATE WASHDC PRIORITY 616  
INFO AMEMBASSY RANGOON PRIORITY

LIMITED OFFICIAL USE SECTION 1 OF 5 MANILA 1054

USADB

FOR NAC AGENCIES

E. O. 11652: NA  
TAGS: EAID, EFIN, BM  
SUBJECT: PROPOSED ADB LOAN FOR SECOND FISHERIES DEVELOPMENT PROJECT  
(BURMA)

SUMMARY: ADB MANAGEMENT PROPOSES \$26 MILLION EQUIVALENT  
LOAN FROM SPECIAL FUNDS TO BURMA TO FINANCE FOREX COST OF  
FISHERIES DEVELOPMENT PROJECT. ADB CONTRIBUTION IS ABOUT  
38 PERCENT OF TOTAL PROJECT COST. PROPOSED PROJECT IS PART  
OF GOVT STRATEGY FOR DEVELOPMENT OF FISHERY SECTOR AND IS  
INCLUDED AS PRIORITY UNDER ITS FIVE-YEAR DEVELOPMENT PROGRAM.  
THIS PROJECT FOLLOWS 1974 FISHERIES PROJECT WHICH WAS  
DESIGNED TO IMPROVE THE OPERATIONAL EFFICIENCY AND FINANCIAL  
STATUS OF THE EXECUTING AGENCY, THE PEOPLE'S PEARL AND  
FISHERY CORPORATION (PPFC). PROJECT IS DESIGNED TO INCREASE  
DOMESTIC CONSUMPTION OF FISH AND FISHERY PRODUCTS AS WELL  
AS EXPORTS. PROPOSED PROJECT IS TECHNICALLY FEASIBLE  
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PAGE 02 MANILA 01054 01 OF 05 200804Z

WITH AN ECONOMIC RATE OF RETURN ESTIMATED AT 47 PERCENT  
AND A FINANCIAL RATE OF RETURN AT 30 PERCENT. USADB  
RECOMMENDS FAVORABLE NAC ACTION. END SUMMARY.

1. ADB DOC R3-78 WITH ATTACHMENTS DESCRIBING PROPOSED  
LOAN POUCHED ADDRESSEES JANUARY 17. BOARD CONSIDERATION  
SCHEDULED FEBRUARY 2, 1978.

2. ADB MANAGEMENT PROPOSES \$26 MILLION LOAN FROM SPECIAL FUNDS RESOURCES TO BURMA TO FINANCE FOREX COSTS OF SECOND FISHERIES DEVELOPMENT PROJECT TO EXPAND FISHING OPERATIONS ALONG THE TENASSERIM COAST AS WELL AS OFF SHORE, CONSTRUCT ON-SHORE COMPLEXES AND IMPROVE INLAND FISHERIES RESOURCES. PROCEEDS WILL FINANCE FOREX COST OF FISHERY BOAT ENGINES VARYING IN SIZE FROM 5 HP TO 150 HP FOR GILL NETTERS, PURSE SEINERS, TRAWLERS AND MULTIPURPOSE BOATS, COLD STORAGE AND FREEZER FACILITIES, FISH CANNING PLANT, FISH COLLECTING VESSELS, AND AUXILIARY FACILITIES INCLUDING REPAIR WORKSHOPS AND COMMUNICATIONS EQUIPMENT. IN ADDITION TO OCEAN FISHERIES DEVELOPMENT, PROPOSED PROJECT IS DESIGNED TO ESTABLISH INLAND FISHERIES DEMONSTRATION PONDS, AND PILOT SHRIMP POND AND WILL FINANCE FOREX FOR FRESH-WATER FISH HATCHERY, FISH CAGES, AND CONSULTANCY SERVICES. PROPOSED TERMS ARE 40 YEAR AMORTIZATION INCLUDING 10 YEAR GRACE PERIOD AND ONE PERCENT SERVICE CHARGE. GOVT WILL RELEND FUNDS TO THE EXECUTING AGENCY AT AN INTEREST RATE OF 8.3 PERCENT PER ANNUM AND FOR A TERM OF 20 YEARS INCLUDING A GRACE PERIOD OF FIVE YEARS. THE SOCIALIST REPUBLIC OF THE UNION OF BURMA IS BORROWER AND THE PEOPLE'S PEARL AND FISHERY CORPORATION (PPFC) IS THE EXECUTING AGENCY.

3. BURMA IS RICH IN BOTH MARINE AND INLAND FISHERIES  
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PAGE 03 MANILA 01054 01 OF 05 200804Z

RESOURCES, WITH A COASTLINE OF 2,800 KM. AND CONTINENTAL SHELF OF ABOUT 280,000 SQ.KM. AS WELL AS ABOUT 8.2 MILLION HA. OF INLAND WATERS. THE MARINE FISHING GROUNDS ALONG THE BURMESE COAST ARE REGARDED AS AMONG THE BEST IN SOUTHEAST ASIA BECAUSE OF ABUDANT PLANKTON AND OTHER NUTRIENTS. FISH PRODUCTION IN BURMA INCREASED ABOUT 2.9 PERCENT PER ANNUM BETWEEN 1976 AND 1977, TO ABOUT 511,000 M.T. WITH MARINE FISHERIES PROVIDING THREE-FOURTHS OF THE TOTAL CATCH. NEARLY 150,000 PEOPLE ARE EMPLOYED FULL TIME IN FISHERIES ACTIVITIES AND 200,000 PART TIME WITH THE LATTER MAINLY ENGAGED IN FRESH-WATER FISHERIES DURING THE MONSOON FOR THEIR OWN CONSUMPTION AND TO SUPPLEMENT INCOMES.

4. FISH AND FISHERY PRODUCTS ARE A MAJOR SOURCE OF ANIMAL PROTEIN FOR BURMESE AND ACCOUNT FOR ABOUT 30 PERCENT OF TOTAL FOOD EXPENDITURES IN HOUSEHOLD BUDGETS. THERE IS A DISPARITY IN AVAILABILITY OF THIS SOURCE OF PROTEIN, HOWEVER, AMONG REGIONS IN THE COUNTRY DUE TO LACK OF

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PAGE 01 MANILA 01054 02 OF 05 200812Z  
ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 CIAE-00 PM-05 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 AID-05 COME-00 EB-08 FRB-03 XMB-02  
OPIC-03 LAB-04 SIL-01 OMB-01 STR-06 CEA-01 NEA-10  
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P 200714Z JAN 78  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC PRIORITY 617  
INFO AMEMBASSY RANGOON PRIORITY

LIMITED OFFICIAL USE SECTION 2 OF 5 MANILA 1054

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SUITABLE TRANSPORT, STORAGE AND DISTRIBUTION FACILITIES.  
MAJOR CONSTRAINTS TO FURTHER FISHERIES DEVELOPMENT IN  
BURMA TODAY INCLUDE LACK OF INFRASTRUCTURE AND MECHAN-  
IZATION AND PREDOMINANT DEPENDENCE ON PRIMITIVE FISHING  
OPERATIONS AND FISHING AREA LIMITATION. AN ADB LOAN  
IN 1974 FOR FISHERIES DEVELOPMENT FOCUSED MAJOR ATTENTION  
ON OPERATIONAL EFFICIENCY AND INSTITUTIONAL DEVELOPMENT  
OF THE EXECUTING AGENCY. THE LOAN PROVIDED THREE 250 TON  
CLASS REFRIGERATED TRAWLERS, 10 120 TON CLASS GILLNETTERS,  
10 UNITS OF 100 HP ENGINES AS REPLACEMENTS FOR OBSOLETE  
ENGINES AND CONSTRUCTION OF ICE MAKING EQUIPMENT. IT  
ALSO PROVIDED CONSULTANCY SERVICES AND RECOMMENDATIONS  
(LOAN COVENANTS) FOR IMPROVING PPFC AND FOR ESTABLISHING  
CERTAIN INCENTIVE SCHEMES FOR PPFC FISHERMEN AND SUPPORT  
PERSONNEL. WITH THE EXCEPTION OF THE ICE MAKING PLANT  
ALL OTHER ELEMENTS OF THE PROJECT ARE ON SCHEDULE AND  
IS THE BASIS FOR THE PROPOSED SECOND FISHERIES DEVELOPMENT  
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PAGE 02 MANILA 01054 02 OF 05 200812Z

PROJECT.

5. PROPOSED PROJECT INCLUDES DEVELOPMENT OF MARINE AND INLAND FISHERIES AND AQUACULTURE. THE MARINE PHASE INCLUDES COASTAL FISHERIES CALLING FOR THE MECHANIZATION OF 800 EXISTING GILL NETTERS (2-5 TON CLASS), 94 TRAWLERS (10 TON CLASS) FOR ARTISANAL FISHING AND 6 PURSE SEINERS (15 TON CLASS); OFFSHORE FISHERIES ELEMENT OF PROJECT INCLUDES PROVISION OF 6 MULTI-PURPOSE BOATS OF 60 TON CLASS AND 2 TRAWLERS OF 250 TON CLASS. ONSHORE ELEMENT OF PROJECT INCLUDES CONSTRUCTION OF FACILITIES IN RANGOON AND AT FIVE OTHER SITES ALONG TENASSERIM COAST COMPRISING OF REFRIGERATION, PROCESSING AND TRANSPORT FACILITIES INCLUDING REFRIGERATED CARRIERS, DRYING FACILITIES AND REPAIR SHIPS. A SECOND PHASE OF THE PROJECT INCLUDES INLAND FISHERIES AND AQUACULTURE WITH PROVISION OF EQUIPMENT FOR A HATCHERY, FISHPOND CONSTRUCTION, ICE PLANT AND TRANSPORT FACILITIES. THE PROJECT IS AIMED AT IMPROVING THE OPERATIONS OF BOTH PPFC AND PRIVATE ENTREPRENEURS. PPFC WILL OPERATE THE LARGE BOATS (OVER 25 TON CLASS) AND WILL HANDLE MARKETING FACILITIES INCLUDING ICE PLANTS AND STORAGE, TRANSPORT FACILITIES AND WORKSHOPS AS WELL AS BOAT AND ENGINE SALES. PRIVATE ENTREPRENEURS, MOST OF WHOM CURRENTLY OWN AND OPERATE THEIR OWN BOATS (2 TO 15 TON CLASS) WILL BE RESPONSIBLE FOR THE BULK OF FISHERY OPERATIONS UNDER THIS PROJECT. THE INSTALLATION OF ENGINES ALONE WILL INCREASE THE FISHING AREA COVERAGE OF BOATS AND IS ESTIMATED TO INCREASE THE FISHING CATCH TO AT LEAST DOUBLE THE PRESENT CATCH. THE MECHANIZATION OF BOATS AND PROVISION OF GILL NETS TO 800 ARTISANAL FISHERIES BOATS ALONE (2 TO 5 TON CLASS) IS ESTIMATED TO INCREASE THE ANNUAL CATCH FROM 5,500 TONS TO ABOUT 11,000 TONS. LIMITED OFFICIAL USE

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PAGE 03 MANILA 01054 02 OF 05 200812Z

A TOTAL NUMBER OF 3200 FISHERMEN ARE ENGAGED IN THESE OPERATIONS. AN ADDITIONAL 750 PERSONS ARE ENGAGED IN THE OPERATION OF 94 TRAWLERS (10 TON CLASS) THE CATCH OF WHICH IS EXPECTED TO INCREASE FROM 8,500 TONS TO 17,000 TONS. ALSO, SIX PURSE SEINER/TRAWLERS (15 TONS), MANNED BY 60 PERSONS, ARE EXPECTED TO YIELD AN ADDITIONAL 600 TONS OF FISH ANNUALLY. SIX 60 TON CLASS SEINER/TRAWLERS AND TWO 250 TON REFRIGERATED STERN TRAWLERS, OPERATED BY A CREW OF 112 ARE EXPECTED TO ADD 4,000 TONS ANNUALLY TO THE CATCH. AN INCREMENTAL YIELD OF ABOUT 18,000 TONS OF FISH IS EXPECTED FROM THE PROJECT FOR MARINE FISHERIES OR ABOUT FIVE PERCENT OF BURMA'S TOTAL CATCH ESTIMATED FOR 1976/77 AND A TOTAL OF ABOUT 4,100 MARINE FISHERMEN ARE EXPECTED TO BENEFIT DIRECTLY FROM THE PROJECT.

6. THE INLAND FISHERIES/AQUACULTURE DEVELOPMENT PHASE

OF THE PROJECT INCLUDES INTRODUCTION OF 200 FISH CAGES FOR CARP FINGERLINGS WHICH ARE EXPECTED TO YIELD A TOTAL OF 2,600 TONS ANNUALLY OF MARKETABLE SIZE FISH. SECONDLY, A 40 HA. FRESH WATER POND WILL BE CONSTRUCTED AS A DEMONSTRATION WITH AN EXPECTED YIELD OF ABOUT 80 TONS ANNUALLY. FINALLY, A 26 HA.PILOT SHRIMP POND WILL BE CONSTRUCTED IN BRACKISH WATERS WITH AN EXPECTED ANNUAL YIELD OF 26 TONS. WHILE INLAND FISHERIES DEMONSTRATION ACTIVITIES ARE EXPECTED TO YIELD 1700 TONS ANNUALLY, THE EXPECTED SUCCESSFUL DEMONSTRATIONS SHOULD HAVE A POSITIVE

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PAGE 01 MANILA 01054 03 OF 05 200821Z  
ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 CIAE-00 PM-05 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 AID-05 COME-00 EB-08 FRB-03 XMB-02  
OPIC-03 LAB-04 SIL-01 OMB-01 STR-06 CEA-01 NEA-10  
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P 200714Z JAN 78  
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TO SECSTATE WASHDC PRIORITY 618  
INFO AMEMBASSY RANGOON PRIORITY

LIMITED OFFICIAL USE SECTION 3 OF 5 MANILA 1054

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EFFECT AMONG BURMESE WHO HAVE A TRADITION OF PRODUCING INLAND WATER SPECIES AND WHO ARE PREDISPOSED TO CONSUMING FISH AS A LARGE PART OF THEIR DIET.

7. WHILE DIRECT BENEFICIARIES OF THE PROJECT ARE LIMITED TO ALMOST 4,100 MARINE FISHERMEN AND ABOUT 1500 ANCILLARY WORKERS, A MAJORITY OF THE FISHERMEN REPRESENT A SMALL BUT GROWING ENTREPRENEURAL CLASS THAT HAS SURVIEVED THE SOCIALIST REGIME OF BURMA AND WHICH IN PRACTICE IS BEING AIDED AND ABETTED BY THE PPFC. MOST OF THE FISHERMEN IN THE PRIVATE SECTOR WHO WILL BENEFIT FROM THE PROJECT OWN THEIR OWN BOAT AND WILL BE REQUIRED

TO PAY 10 PERCENT DOWN ON PURCHASE OF ENGINES AND GILL  
NETS. WHILE THESE PERSONS CANNOT BE CONSIDERED AMONG  
THE POOREST PERSONS IN THE COUNTRY, NEVERTHELESS, THEY  
REALIZE VERY LOW INCOMES AND WORK EXTREMELY LONG HOURS  
FOR THEIR LIVELIHOOD. FISHERMEN AND ON-SHORE PERSONNEL  
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PAGE 02 MANILA 01054 03 OF 05 200821Z

EMPLOYED BY PPFC HAVE UNTIL RECENTLY RECEIVED DAILY WAGES;  
UNDER AN INCENTIVE SCHEME PROMULGATED BY ADB'S FIRST  
FISHERIES LOAN, ALL PPFC BOAT CREWS AND ON-SHORE SUPPORTING  
PERSONNEL NOW SHARE THE FRUITS OF BOAT CATCHES.

8. TOTAL COST OF THE PROJECT IS ESTIMATED AT \$68.3  
MILLION OF WHICH THE BANK'S FOREX COMPONENT IS \$26 MILLION  
OR ABOUT 38 PERCENT OF ESTIMATED TOTAL INVESTMENT COSTS.  
THE GOVT IS FINANCING THE LOCAL COST ELEMENT OF \$42.3  
MILLION. THE COST OF MARINE FISHERIES, PHASE A, IS  
ESTIMATED AT \$63.4 MILLION AND THE INLAND FISHERIES/  
AQUACULTURE, PHASE B, ACCOUNTS FOR ABOUT \$4.9 MILLION.  
ABOUT ONE THIRD THE TOTAL COST OF THE PROJECT IS FOR  
REFRIGERATION AND FISH PROCESSING COMPLEX OF WHICH 27  
PERCENT IS IN LOCAL CURRENCY. MAJOR ITEMS OF FOREX  
FINANCING FOR MARINE FISHERIES INCLUDE \$4.4 MILLION FOR  
800 OUTBOARD MOTORS AND FISHING NETS, \$2.6 MILLION FOR  
SIX 60 TON TRAWLERS AND TWO 250 TON TRAWLERS, \$5.2  
MILLION FOR REFRIGERATION AND FISH PROCESSING COMPLEXES,  
\$4.1 MILLION FOR TWO 300 TON CLASS REFRIGERATED FISH  
CARRIERS, TWO 300 TON CLASS SERVICE CARRIERS AND TWO  
10 TON CLASS FISH COLLECTING VESSELS AND VARIOUS VEHICLES  
AND TRUCKS, \$670,000 IN AUXILIARY EQUIPMENT AND \$624,000  
IN CONSULTING SERVICES. INLAND FISHERIES FOREX FINANCING  
INCLUDES \$411,000 FOR FISH CAGES, \$690,000 FOR EARTH  
MOVING EQUIPMENT TO CONSTRUCT AND MAINTAIN FRESH-  
WATER PONDS AND CONSULTING SERVICES FOR \$384,000. A 15  
PERCENT PHYSICAL CONTINGENCY COST ELEMENT IS INCLUDED  
IN THE TOTAL COST AS WELL AS 8 PERCENT PER ANNUM PRICE  
ESCALATION FOR THE FIRST TWO YEARS AND 7 PERCENT FOR THE  
REMAINING 3 YEARS FOR FOREX AND 20 PERCENT ANNUALLY FOR  
LOCAL CURRENCY COSTS. PROPOSED BANK LOAN WILL BE RELENT  
BY GOVT TO PPFC IN ACCORDANCE WITH PROVISIONS OF A  
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PAGE 03 MANILA 01054 03 OF 05 200821Z

SUBSIDIARY LOAN AGREEMENT AT A RATE OF 8.3 PERCENT  
PER ANNUM OVER 20 YEARS INCLUDING A GRACE PERIOD OF  
5 YEARS. THE INTEREST DIFFERENTIAL BETWEEN THE RATE  
PPFC WILL PAY GOVT AND RATE IT WILL CHARGE SUB-BORROWERS

WILL BE UTILIZED TO COVER EXPENSES OF ADMINISTERING  
SUB LOANS AND TO PROVIDE FOR A BAD DEBT RESERVE UNDER  
THE PROJECT. THERE IS A POSSIBILITY THAT \$1.1 MILLION  
ON GRANT BASIS MAY BE MADE AVAILABLE BY THE EUROPEAN  
COMMUNITY FOR FINANCING FOREX COST OF CONSTRUCTION  
EQUIPMENT AND AN ICE PLANT FOR INLAND FISHERIES PHASE  
OF PROJECT. IF SUCH FUNDS BECOME AVAILABLE, APPROPRIATE  
ACTION WILL BE TAKEN TO REDUCE THE BANK LOAN BY A SIMILAR  
AMOUNT. PPFC WILL FINANCE SALES OF ENGINES AND GEAR TO  
ARTISANAL FISHERMEN AND FISHERY COOPERATIVES AT AN INTEREST  
RATE OF 12 PERCENT PER ANNUM WITH REPAYMENT OVR 3 - 5  
YEARS. GOVT WILL PROVIDE ALL LOCAL CURRENCY REQUIREMENTS  
OF PROJECT TO PPFC ON CONCESSIONAL TERMS, I.E., 3 PERCENT  
INTEREST PER ANNUM AND 20 YEARS AMORTIZATION INCLUDING  
5 YEAR GRACE PERIOD.

9. SUPPLY CONTRACTS FOR EQUIPMENT AND MATERIALS ESTIMATED  
TO COST THE EQUIVALENT OF \$100,000 OR MORE WILL BE  
AWARDED ON THE BASIS OF INTERNATIONAL COMPETITIVE BIDDING  
IN KEEPING WITH BANK'S GUIDELINES FOR PROCUREMENT. CON-  
TRACTS OF LESS THAN \$100,000 WILL BE AWARDED ON THE BASIS  
OF BIDS OR QUOTATIONS OBTAINED FROM A REASONABLE NUMBER  
OF SUPPLIERS FROM MORE THAN ONE ELIGIBLE COUNTRY. THE

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PAGE 01 MANILA 01054 04 OF 05 200828Z  
ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 CIAE-00 PM-05 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 AID-05 COME-00 EB-08 FRB-03 XMB-02  
OPIC-03 LAB-04 SIL-01 OMB-01 STR-06 CEA-01 NEA-10  
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P 200714Z JAN 78  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC PRIORITY 619  
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LIMITED OFFICIAL USE SECTION 4 OF 5 MANILA 1054

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DECISION TO PROCURE THE TWO REFRIGERATED CARRIERS WOULD DEPEND ON THE RESULTS OF A REVIEW OF NEED TAKING INTO ACCOUNT THE POSSIBILITY OF THEIR CHARTERING. A SUMMARY OF ITEMS TO BE FINANCED FROM FOREX ARE LISTED IN PARA 8 ABOVE. ABOUT 126 MAN-MONTHS OF CONSULTING SERVICES WILL BE REQUIRED BY THE EXECUTING AGENCY. FIVE CONSULTANTS FOR PHASE A (78 MAN-MONTHS) AND TWO CONSULTANTS FOR PHASE B (48 MAN-MONTHS) WILL BE RECRUITED FROM CONSULTING FIRMS BY PPFC IN ACCORDANCE WITH THE BANK'S GUIDELINES ON USES OF CONSULTANTS. CONSULTANT TEAMS WILL COMPRISE ONE FISHERIES SPECIALIST (12 MM), ONE MASTER BOAT BUILDER (18 MM), ONE MASTER FISHERMAN FOR COATAL FISHERIES (18MM), ONE MASTER FISHERMAN FOR OFF-SHORE FISHERIES (12 MM) AND ONE REFRIGERATION/SHORE FACILITIES SPECIALIST (18 MM). PHASE B CONSULTANTS INCLUDE ONE FRESH-WATER AQUACULTURIST (24 MM), AND ONE BRACKISH WATER AQUACULTURIST (24 MM).  
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PAGE 02 MANILA 01054 04 OF 05 200828Z

10. PPFC HAD ITS ORIGINS IN 1963 WHEN THREE PRIVATE FISHERIES COMPANIES WERE NATIONALIZED AND REORGANIZED AS A STATE FISHERIES ENTERPRISE. IN 1972 IT WAS DISOLVED AND REORGANIZED UNDER THE GOV'S ACT AIMED AT STRENGTHENING VARIOUS STATE ENTERPRISES BY MERGER AND GENERALLY BY PROVIDING THEM MORE AUTHORITY AND AUTONOMY SO THAT THEY WOULD OPERATE MORE EFFECTIVELY. A BOARD OF MANAGEMENT IS RESPONSIBLE FOR MANAGING PPFC WITH FULL POWER TO RUN PPFC VESTED IN THE MANAGING DIRECTOR WHO IS APPOINTED BY AND WHO REPORTS TO THE MINISTER OF AGRICULTURE AND FORESTS. IT HAS A STAFF OF 1,145 OF WHOM 78 ARE IN ACCOUNTS. PPFC HAS BEEN AUTHORIZED SINCE APRIL 1976 TO RETAIN ITS EARNINGS BUT PAYS TAX TO THE GOV. NET EARNINGS REMAIN WITH PPFC AND MAY BE INVESTED IN SAVINGS CERTIFICATES BEARING INTEREST AT ABOUT SIX PERCENT PER ANNUM OR USED FOR FISHERY DEVELOPMENT PURPOSES. ITS FINANCIAL PERFORMANCE HAS IMPROVED OVER THE LAST THREE YEARS SHOWING NET EARNINGS SINCE 1974 WHEN ITS NET LOSS WAS 25 PERCENT OF GROSS INCOME. ITS DEBT TO EQUITY IN 1976/77 WAS 34:66 BUT IS PROJECTED TO INCREASE TO 70:26 IN 1980/81 AND DROP TO 44:56 IN 1983/84. PPFC'S TOTAL ASSETS CONSIST OF 30 PERCENT FIXED ASSETS AND 70 PERCENT CURRENT ASSETS; THERE ARE INDICATIONS THAT THE RATIO MAY BE DISTORTED. THEREFORE, THE BANK HAS REQUESTED AND EXPECTS TO RECEIVE A REVALUATION OF PPFC'S ASSETS BY THE END OF MARCH 1978. PPFC HAS COMPLIED WITH VIRTUALLY ALL LOAN COVENANTS IN THE BANK'S FIRST FISHERIES PROJECT WHICH WERE DESIGNED TO IMPROVE ITS OPERATIONAL EFFICIENCY. FISH PROJECTION



FROM EXISTING VESSELS HAS ALMOST DOUBLED, ITS EXPORTS  
SUBSTANTIALLY INCREASED AND ITS NET PROFITS ROSE TO  
ABOUT \$1.6 AND \$2.0 MILLION IN 1975/76 AND 1976/77  
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PAGE 03 MANILA 01054 04 OF 05 200828Z

RESPECTIVELY.

11. THE CONSOLIDATED FINANCIAL INTERNAL RATE OF RETURN  
(FIRR) FOR ALL ELEMENTS OF THE PROJECT IS CALCULATED AT  
30 PERCENT. THIS RATE ASSUMES FULL USE OF PPFC'S EXPANDED  
FISHING FLEET AND PURCHASES OF FISH FROM FISHERMEN OUT-  
SIDE THE SCOPE OF PROJECT TO THE CAPACITY OF PROCESSING  
PLANT. PROJECT'S ECONOMIC INTERNAL RATE OF RETURN (EIRR)  
HAS BEEN CALCULATED AS 47 PERCENT BASED ON ASSUMPTIONS  
USED FOR FIRR AND USE OF SHADOW EXCHANGE RATE OF \$1 EQUALS K15,  
OR TWICE THE CURRENCY EQUIVALENT USED THROUGHOUT THE  
PROJECT.

12. IN ADDITION TO ECONOMIC BENEFITS, 894 SMALL  
OPERATORS WILL BE SUBSTANTIALLY IMPROVED AND TOTAL  
EMPLOYMENT IN SECTOR, OF BOTH SKILLED AND UNSKILLED  
WORKERS, IS ESTIMATED TO BE NEARLY 4,000. THE PROJECT  
WILL ALSO NECESSITATE AN INCREASE OF PPFC STAFF OF  
APPROXIMATELY 2,000 SKILLED AND UNSKILLED WORKERS. THE  
SUPPLY UNDER THE PROJECT OF OVER 2,000 TONS OF PROCESSED

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PAGE 01 MANILA 01054 05 OF 05 200834Z  
ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 CIAE-00 PM-05 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 AID-05 COME-00 EB-08 FRB-03 XMB-02  
OPIC-03 LAB-04 SIL-01 OMB-01 CEA-01 STR-06 NEA-10  
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P 200714Z JAN 78

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LIMITED OFFICIAL USE SECTION 5 OF 5 MANILA 1054

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FISH FOR DOMESTIC CONSUMPTION WILL ALSO MAKE A  
SIGNIFICANT CONTRIBUTION TO THE NUTRITIONAL REQUIREMENTS  
OF THE BURMESE PEOPLE.

13. APPROPRIATE TECHNOLOGIES USED IN THE PROJECT ARE  
BASED ON FISHERY RESOURCES, EXISTING AND EXPECTED FUTURE  
SKILL LEVELS OF LOCAL FISHERMEN, FISH FARMERS AND FISH  
PROCESSORS AND EXPERIENCE OF EXISTING FISHING INDUSTRY.  
THE PROJECT WILL PROVIDE SMALL ENGINES TO MOTORIZE 800  
SMALL VESSELS, USING EXISTING WOODEN HULLS, AND IMPROVED  
FISHING GEAR. THE 94 COASTAL TRAWLERS (10 TON CLASS)  
TO BE SOLD TO ARTISANAL FISHERMEN, INCORPORATE INTER-  
MEDIATE TECHNIQUE. FISH DRYING FACILITIES WILL UTILIZE  
A SIMPLE DESIGN AND PROCESS OF BLOWING HOT AIR OVER FRESH  
FISH SPREAD ON SHELVES IN A CLOSED CHAMBER AND FINALLY  
200 FISH CAGES WILL BE CONSTRUCTED OF LOCALLY AVAILABLE  
BAMBOO, SIMILAR TO CAGES ALREADY IN USE ELSEWHERE IN SOUTH  
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PAGE 02 MANILA 01054 05 OF 05 200834Z

EAST ASIA.

14. USADB COMMENTS: THE PROPOSED LOAN IS A FOLLOW-ON  
TO ONE MADE BY THE BANK IN 1974 WHICH WAS DESIGNED TO  
IMPROVE THE OPERATIONAL EFFICIENCY OF THE EXECUTING AGENCY.  
THE BANK IS SATISFIED FROM ITS OBSERVATIONS AND ANALYSIS  
OF PPFC OPERATIONAL AND FISCAL DATA THAT PPFC IS CURRENTLY  
OPERATING EFFICIENTLY ALONG COMMERCIAL LINES AND IS  
EFFECTIVELY USING ACCEPTABLE ADMINISTRATION AND FINANCIAL  
MANAGEMENT PROCEDURES IN ITS OPERATIONS. THE PROJECT IN  
ONE SENSE REPRESENTS A DRAMATIC BREAKTHROUGH FOR A STATE-  
OWNED CORPORATION IN A SOCIALIST POLITICAL AND ECONOMIC  
SYSTEM. PPFC, WITH SUPPORT FROM THE CENTRAL GOVERN-  
MENT, HAS DEPARTED RADICALLY FROM POLICIES AND PROCEDURES  
WITH WHICH IT WAS ORIGINALLY ENDOWED AND UNDER WHICH  
SISTER CORPORATIONS CONTINUE TO OPERATE. FOR EXAMPLE,  
PPFC HAS ESTABLISHED AN INCENTIVE SCHEME WHEREBY ITS  
FISHERY CREWS AND ON-SHORE SUPPORT PERSONNEL SHARE  
IN THE BOAT CATCHES THUS ENABLING SHIP CAPTAINS TO EARN  
MORE THAN DOUBLE THE SALARY OF PPFC'S MANAGING DIRECTOR.  
IT IS ALSO USING ITS RECENT AUTHORITY TO ESTABLISH FISH  
AND FISHERY PRODUCT PRICES FOR THE ENTIRE COUNTRY, A  
POLICY DECISION THAT WAS FORMERLY VESTED IN ONE OF THE  
OTHER MINISTRIES THAT OFTEN RESULTED IN VARIATIONS WHICH

IGNORED THE VAGARIES OF SUPPLY AND DEMAND. PPFC HAS INCREASED ITS FISH EXPORTS FROM 75 TO 550 TONS OVER THE PAST YEAR REPORTEDLY, IN PART AT LEAST, TO ITS USES OF BOATS CONFISCATED BY THE GOVERNMENT FOR VIOLATION OF ITS 200-MILE FISHING LIMIT. PPFC STANDS IN CONTRAST TO OTHER BANK-FINANCED PROJECT ENEXECUTING AGENCIES IN BURMA WHICH ARE EXPERIENCING SERIOUS COST OVERRUNS AND IMPLEMENTATION DELAYS. HOWEVER, GOV HAS APPARENTLY SINGLED OUT PPFC FOR SPECIAL TREATMENT AND TO DATE ITS SUPPORT FOR LIMITED OFFICIAL USE

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PAGE 03 MANILA 01054 05 OF 05 200834Z

PPFC APPEARS WELL FOUNDED. THE PROJECT APPEARS TECHNICALLY FEASIBLE, TECHNOLOGIES UTILIZED APPEAR TO BE IN KEEPING WITH PREVAILING FISHERY METHODS AND THE ECONOMIC AND FINANCIAL RATES OF RETURN ARE VERY FAVORABLE. USADB, THEREFORE, SUPPORTS THIS PROPOSAL AND RECOMMENDS FAVORABLE NAC ACTION.

15. REQUEST AMEMBASSY RANGOON COMMENTS FOR NAC AGENCIES, INFO USADB MANILA, PURSUANT TO STATE 119795 DATED JULY 3, 1972.  
EDMOND

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FISHERIES, DEVELOPMENT LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 jan 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978MANILA01054  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780030-0669  
**Format:** TEL  
**From:** MANILA USADB  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780140/aaaabhyj.tel  
**Line Count:** 574  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** b720c7e1-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION TRSE  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 11  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 28 apr 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3741509  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PROPOSED ADB LOAN FOR SECOND FISHERIES DEVELOPMENT PROJECT (BURMA) SUMMARY: ADB MANAGEMENT PROPOSES \$26 MILLION EQUIV  
**TAGS:** EAID, EFIN, BM, US, ADB  
**To:** STATE  
**Type:** TE  
**vdkgvkey:** odbc://SAS/SAS.dbo.SAS\_Docs/b720c7e1-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014